Microfinance and HIV/AIDS: … It's Time to Talk

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EXECUTIVE SUMMARY

From a global perspective, the consequences of the HIV/AIDS pandemic on the African continent are unprecedented and far-reaching. But for many families, the everyday concern about sliding into poverty subsumes the other effects of HIV/AIDS. Income and savings become crucial weapons as households struggle to build and protect their economic resources.

Microfinance services can help families increase their income and build their savings. However, for most microfinance institutions (MFIs), the effect of HIV/AIDS on their clients and on the institution is an emerging issue. Microfinance practitioners in countries heavily affected by HIV/AIDS need to look closely at that issue. The economic welfare of their clients and their institutions depends on it.

Innovations are vital for the good of clients and institutions. The following three areas should guide innovation in microfinance:

- Developing new products and services. Practices that are good for the client are good for the institution. MFIs should examine what clients are doing to cope economically, and they should help clients improve on those strategies.

- Watching the bottom line of MFI performance. An unhealthy institution is not good for clients. Finding cost-effective methods to innovate while protecting operational integrity is key.

- Fostering strategic alliances with HIV/AIDS organizations. Mitigating the social impact of HIV/AIDS may help MFI clients to remain good clients. Directly addressing the social impact of the disease is within an HIV/AIDS organization's mandate—not an MFI's. But to draw on their comparative advantages and to create synergy, practitioners from the two industries must start talking to each other.

My sincere thanks go to John Williamson, Senior Technical Advisor, Displaced Children & Orphans Fund; Betty Wilkinson, Associate Director, Institutional Reform and the Informal Sector (IRIS), University of Maryland at College Park; Laura van Vuuren, Microenterprise Development Technical Unit, World Relief; and Anita Campion, Director, Microfinance Network. Each provided comments and guidance on early versions of this paper.

MICROFINANCE AND HIV/AIDS

Introduction

In Africa and elsewhere, the HIV/AIDS pandemic is unraveling years of hard-won gains in economic and social development. Already, the scale and severity of the pandemic's consequences are large and will continue to increase for many years. The disease is also pushing the number of orphans to unparalleled levels. Estimates from several countries seriously affected by AIDS show that more than one in five of all children has lost one or both parents. The proportion of orphans will continue to increase. Life expectancy will drop to 40 years or less in nine sub-Saharan African countries by 2010, and AIDS-related mortality will substantially reduce gains made in child survival.[1] The HIV/AIDS pandemic is an evolving, slow-onset disaster, and no country can assume the worst is over. But at all stages of the epidemic, families bear most of the social and economic consequences.

The Impact of HIV/AIDS on Households

The impact of HIV/AIDS does not stop with individuals who contract HIV, cope with prolonged AIDS-related illnesses, and, finally, die. The consequences are exponential. Repeated bouts of illness and the death erode the financial resources of immediate and extended families as they try to pay for multiple hospital trips, medical expenses, and funeral costs. A family may reduce or halt its income-earning activities as the demands of caring for someone with AIDS mount. This reduced economic capacity increases the likelihood that the household will have to sell productive assets such as land, draft animals, equipment, or fixed capital from a business. In effect, the financial consequences seriously undermine the household safety net.

In a household coping with AIDS, children are affected, too. Not only do the children lose one or both parents, but the reduced resources of their caretakers often mean that they can no longer attend school or receive proper health care. The loss of productive adults also means that, as a matter of survival, children have to engage in income-earning activities or take over work in the family field. Some children become household heads and must care for younger siblings.

[1] S. Hunter and J. Williamson, "Children on the Brink: Strategies to Support Children Isolated by HIV/AIDS" (USAID, 1997).

Economic Coping Strategies

Poverty is no stranger to many people in Africa. In fact, for most households, either avoiding poverty or slipping further into poverty subsumes other issues related to AIDS. The disease is not the only cause of poverty, but poverty intensifies its impact. Whether or not households can cope with the consequences of HIV/AIDS or other emergencies largely depends on the state of their resources before, during, and after a crisis.[2]

Generating income and building up savings help households accumulate and protect their resources. Poor families employ such long-standing coping mechanisms to respond to times of economic stress, whatever the cause. Understanding how families manage their household resources during times of crisis can yield insights on ways to reinforce their economic security.[3]

Risk Reduction and Loss Management

In their paper examining the dynamics of household economic portfolios, Chen and Dunn explain household economic coping behavior in terms of reducing risk and managing loss.[4] Risk reduction strategies include the following:

- Choosing low-risk income-generating activities that earn modest but steady returns
- Diversifying household crop production and income-earning activities
- Building up savings and in-kind assets (e.g., livestock, jewelry, household goods)
- Preserving extended family and community ties

Loss management techniques fall into three stages (see table 1). Stage 1 strategies are reversible. Stage 2 approaches are difficult to reverse because they involve the sale of productive assets, thereby undermining future household capacity to generate income and produce food. Stage 3 indicates the destitution of the household where few, if any, coping mechanisms remain.

Compare the strategies in table 1 with the following typical household responses to pressures from HIV/AIDS:

- Growing less labor-intensive crops (e.g., cassava instead of corn)
- Reducing food consumption (e.g., by not eating meat or as much meat, or by eliminating some meals)

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[2] Adequately caring for children in the household, absorbing orphaned children, shouldering the medical expenses of a family member with AIDS, and participating in community efforts to address the impact of AIDS on the community are examples of coping with the impact of HIV/AIDS.

[3] For a comprehensive analysis of current literature and recent research on how poor entrepreneurs mitigate economically stressful situations, see Jennifer Sebstad and Monique Cohen, "Microfinance, Poverty, and Risk Management," *AIMS Synthesis Study Commissioned for the World Bank's World Development Report 2000/01 (WDR)* (March 2000).

[4] Martha Alter Chen and Elizabeth Dunn, "Household Economic Portfolios," AIMS paper presented at Harvard University and the University of Missouri at Columbia, June 1996.

- Postponing the response to or payment for non-emergency health needs
- Removing children from school to reduce costs and so that the children may contribute to the household labor pool
- Changing income-earning activities by reducing business volume or even shifting to less risky types of businesses
- Increasing demands on extended family, kinship, and community resources to help meet the health, education, and food needs of the household

Table 1. Loss Management at the Household Level

	Strategies
Stage 1: Reversible mechanisms and disposal of self-insurance assets	• Seeking wage labor or migrating to find paid work • Switching to the production of low-maintenance subsistence crops • Liquidating savings accounts; selling jewelry, chickens, and goats • Calling on extended family or community obligations • Borrowing from formal or informal sources of credit • Reducing consumption and decreasing spending in education and health
Stage 2: Disposal of productive assets	• Selling land, equipment, tools, or animals used for farming • Borrowing at exorbitant interest rates • Further reducing consumption in education and health • Reducing amount of land farmed and types of crops produced
Stage 3: Destitution	• Depending on charity • Breaking up household • Engaging in distress migration

Source: "Household Economic Portfolios" by Chen and Dunn for USAID's AIMS project.

Finally, as a crisis situation deepens, a household can be forced to engage in the following actions:

- Liquidating savings
- Selling off productive assets
- Shifting the care of children to other relatives or friends

Many of those responses echo what Chen and Dunn describe in their study. Some of the responses are reversible. Their effects on the well-being of the household are temporary. Other responses are more serious. For instance, selling productive assets (such as land, business capital, or farming equipment) significantly undermines a household's ability to provide for itself in the future. Avoiding stages 2 and 3 depends on the resiliency of stage 1 strategies. Stage 1, in turn, depends on the successful outcomes of risk reduction activities. Therefore, strengthening the risk reduction activities of members of affected households and helping them avoid stages 2 and 3 will reduce their vulnerability to poverty—and, by extension—the impact of AIDS.

Targeting Microfinance Clients in an HIV/AIDS Context

This paper seeks to promote microfinance services as a tool that strengthens the economic coping strategies of all eligible households in areas heavily affected by HIV/AIDS.[5] Increased economic stability in turn can bolster family safety nets and mitigate the effects of the disease. However, this paper does not advocate explicit targeting of clients who are infected with HIV.

Microfinance institutions (MFIs) do operate successfully in communities seriously affected by AIDS.[6] MFIs throughout the world have learned through experience, though, that the institution runs into trouble when its staff tries to target loans to groups they select to meet project goals.[7] Microfinance programs work best when they rely on client self-selection and when they focus on packaging financial services to attract the desired clientele. Artificially engineering or predetermining the composition of groups undermines the delicate mix of peer pressure and group accountability on which the success of lending programs must be built. Finally, to survive and thrive, microfinance must try to reach all eligible clients in an area. If the potential client base is too limited, the organization will not be able to pay the costs of doing business in those areas.[8] It is important that MFIs are efficient enough to cover their costs. The industry has learned that long-term subsidies for credit projects are unacceptably expensive. In addition, clients who become accustomed to running their businesses with subsidized services cannot maintain their businesses in a market environment when the subsidies are withdrawn.

Explicit targeting of clients with AIDS can also increase stigma and have negative outcomes. The experience of an East African association of HIV-positive women provides an example. The members originally came together to help one another cope with their HIV status. The women decided to try raising and selling vegetables to secure a source of income, but they discovered that no one would buy their vegetables because of the stigma associated with HIV/AIDS.

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[5] Microfinance refers to the provision of credit and savings services at unsubsidized interest rates to poor clients.

[6] Stuart Rutherford, et al., "Savings and the Poor: The Methods, Use, and Impact of Savings by the Poor of East Africa" (report prepared by MicroSave-Africa, Kampala, Uganda, March 1999). This study reports that FINCA Uganda has a 100 percent on-time repayment rate. FINCA, which lends exclusively to women, routinely reports that 75 percent of its clients are caring for orphans. The MicroSave-Africa studies, which cover Uganda, Tanzania, and Kenya, report successful operational and financial performance among the majority of the 13 microfinance institutions included in their research.

[7] An example of explicit targeting to meet project goals would be an HIV/AIDS project that includes only HIV-positive clients, commercial sex workers, or households caring for orphans as eligible for microloans.

[8] Betty Wilkinson, "Field Notes for Considering Microfinance Services in the Context of AIDS Orphans" (report prepared for USAID/Zambia, IRIS Center, University of Maryland, June 1999).

A cross section of any self-selected solidarity group would probably reflect the HIV prevalence in the general population. Groups are also likely to include members caring for orphans, widowed individuals, single heads of household, or persons supporting someone in their family with AIDS. It is this last group—the "survivors" and those who make up the safety net for people living with AIDS—that microfinance services are best positioned to serve. Such services are also important to households that are not seriously affected by HIV/AIDS, but which, at any given time, may well become so. Having access to financial services will enable those households to shore up their resources ahead of time. From this perspective, it makes sense for MFIs to target areas seriously affected by HIV/AIDS, but not individuals.

Comparative Advantages of Microfinance Services

Microfinance can strengthen a client's income-earning activities. In fact, it is one of the few interventions that show potential for doing so in a cost-effective manner. On the enterprise level, impact evaluations of microfinance services show that access to credit enables businesses to survive crises. At the household level, evaluations point to income and asset accumulation.[9] The comparative advantages of microfinance services in mitigating the economic impact of HIV/AIDS are as follows:

- Helping clients maintain or increase income
- Providing clients with an opportunity to build savings that are secure and easy to liquidate quickly and that retain value
- Reducing clients' vulnerability to loss
- Enabling clients to avoid irreversible coping strategies that destroy future income earning and productive capacity

Those elements are important in lessening the epidemic's impact on families and communities. Although access to savings and credit services may not be beneficial for persons whose immediate survival is at stake, it may play a valuable role in helping households get ahead of the disease before the worst consequences manifest themselves. This advantage is especially crucial for households that are already poor or at risk of falling back into poverty.

The following anecdotes describe how access to microfinance has enabled some MFI clients to reduce the impact of HIV/AIDS in their households. (See also Figure 1.)

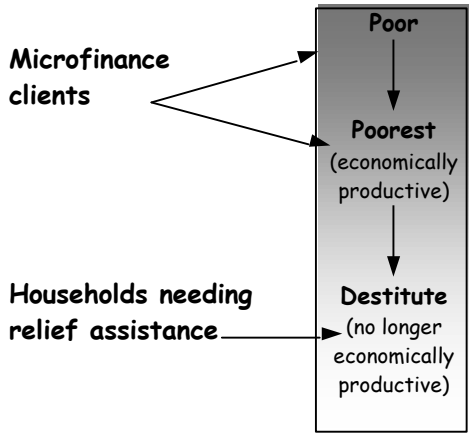
A woman in Malawi who sold doughnuts received a loan from Save the Children's microcredit project (GGLS).[10] The loan allowed the woman to move into the more lucrative fish trading business and, with the increased revenue, to build up her savings. However, the woman's sister became ill, and the woman had to take care of her. She went back to doughnut selling and used her savings to make ends meet. After her sister died, the woman was able to go back to petty fish trading.

[9] Jennifer Sebstad and Martha Alter Chen, "Overview of Studies on the Impact of Microenterprise Credit" (AIMS paper presented at Management Systems International, Washington, D.C., June 1996).
[10] GGLS is the abbreviation for Group Guaranteed Lending and Savings.

Several members of a CARE microfinance institution in Zambia (PULSE) said they joined a credit group so that they could increase their business volume or diversify their activities. They were concerned because a family member was ill, and they anticipated that they would have to support that individual's children in the future. The clients knew that their respective families expected them to take care of these children because of their business activity. They also knew they needed to prepare themselves financially so that they could absorb this new burden.

The 17-year-old daughter of a Kenya Women's Finance Trust (KWFT) client started taking over her mother's business as her mother's health deteriorated. When the mother died, the group offered her place in the group to the daughter. Because the daughter was under the legal age for entering into a contract, she couldn't be given a loan. So, the group turned the mother's savings over to the daughter and allowed her to keep an honorary membership until she turned 18.

Figure 1.
Inter-relationship between MFI services and relief assistance



In addition, there are two subtler advantages of microfinance compared to other microenterprise interventions. The first is the built-in mandate to scale up operations in order to achieve self-sufficiency. As stated at the beginning of this paper, the impact of HIV/AIDS is continuously increasing. It affects a widening circle of family, children, and community. In addition, the impact is felt over an extended period. The microfinance industry expects its services to attain operational and financial sustainability in order to become permanent fixtures in the country's institutional landscape. Increasing client outreach to achieve economies of scale is one way that microfinance institutions can reduce the cost of delivering very small loans to poor people. The very mandate of the industry demands that an institution's coverage grows and that its services become a long-term establishment, not a transitory initiative. Both of those attributes are potent forces in the design of approaches that will mitigate the impact of HIV/AIDS.

The second aspect of microfinance's comparative advantage relates to helping families build and maintain their assets and to helping them remain economically productive. This capacity allows families to play a critical role in informal safety nets for individuals in crisis—not only for extended family members but also for the general community. But if too many families are unable to support themselves, their needs rapidly overwhelm the safety nets. Minimizing the number of families in need of relief increases the chances that the community can maintain a safety net for its most vulnerable members.

Microfinance services should not be seen as an intervention that will pull destitute households out of poverty—particularly in communities seriously affected by HIV/AIDS. Nonetheless, in poor households with the capacity to carry out small income-earning activities, microfinance services can help smooth out their income flow, increase food security, and cover school and

health expenses. This situation can mean the difference between household maintenance and collapse.

Innovations

In communities heavily affected by the disease, HIV/AIDS is altering the context in which people earn their livelihoods and define their financial needs. One approach to the microfinance and HIV/AIDS conundrum is to accept that the disease is an integral part of the reality confronting MFI clients. Understanding the economic coping strategies of clients in areas where HIV/AIDS is prevalent can reveal innovative ways to serve clients by improving on their strategies. This approach would be enormously beneficial to clients who are caring for family members with AIDS or who have taken in additional children. Innovation is also good for the industry as a whole. In fact, many leading practitioners feel it is a necessary ingredient for a strong and resilient industry.[11]

Unproductive Strategies

There are at least three approaches that microfinance practitioners could take that would have a negative effect on the institution and its clients. One is to react before fully understanding how the disease actually affects clients, thereby making decisions on the basis of misconceptions or untested assumptions. This view could direct resources primarily toward insulating the institution rather than toward learning about clients' financial service needs. Another approach is to add activities that go beyond an MFI's economic mandate in response to the social needs of clients. This method is bound to undermine institutional sustainability. The third approach relates to underestimating the costs of developing innovations. Spending immoderately on research and development at the expense of an MFI's bottom line is not a desirable outcome either.

The microfinance industry needs satisfied clients *and* healthy institutions. In any case, MFIs do not adequately understand how the epidemic is affecting their own operations or their clients.[12] Some would say that it is not the business of an MFI to find out. But if better appreciating clients' realities will allow MFIs to arrive at demand-driven innovations that protect the institution while they serve clients, then it is in the best interests of the institution to do so.

Developing New Products or Services

Special attention should be devoted to innovations that expand outreach and the choice of services to current markets and that capture new markets by reaching as deeply into the poorest

[11] Maria Otero calls innovation "an essential component of [the industry's] advancement." See "Bringing Development Back into Microfinance," *The Journal of MicroFinance* 1 (Fall 1999).

[12] Joan Parker, "Microfinance and HIV/AIDS" (Microenterprise Best Practices discussion paper. Development Alternatives, Inc., Bethesda, Md., May 2000). See also Eugene Versluysen, "East and Southern African Microfinance Institutions and the AIDS Epidemic" (Microenterprise Best Practice trip report. Development Alternatives, Inc., Bethesda, Md., December 1999).

economic strata as is feasible.[13] Particular areas of interest are savings schemes for coverage of health, medical, and educational costs and new ways of delivering these services.[14] Some examples of innovation follow:

- Providing life and health insurance. Pooled deposits can be made to an insurance company, which in turn manages the policies. Alternatively, an MFI can retain responsibility and deposit pooled savings in an interest-bearing account on behalf of its clients.

- Making smaller loans for shorter terms. Clients who care for ill family members or who become ill themselves often have to curtail their business activities. Frequently, the minimum loan size is too great a debt for the household to absorb. Some solidarity groups have resolved this problem by allowing clients the option of taking out a smaller loan until their economic situation improves.

- Partnering with loan or health institutions (e.g., community-managed pharmacies operating as a revolving fund, health or life insurance companies). Such associations provide opportunities for clients to prepay or save against future medical expenditures.

Client-Friendly Practices

Developing new products and services or flexible policies means additional costs to the institution. One response is to increase interest rates or fees. Some alternatives for MFIS to keep costs down while they strive to innovate follow:

- Using participatory methods of wealth ranking with clients to ensure that the institution is reaching deeply into the country's poorest economic strata[15]

- Encouraging internally financed and controlled emergency funds or informal rotating savings and credit associations (ROSCAs) that are managed by solidarity group members

- Inviting the participation of clients to propose product and methodology innovations

- Looking for strategic alliances with other institutions in order to refer clients to them for services or to share costs of product development and delivery

The institution may also need to pay even closer attention to performance indicators. It may be wise to pick out a few indicators that could serve as an "early warning system." Examples of such indicators would be the portfolio at risk (PAR>30), the loan loss reserve or default fund, and client retention rates. Finally, an institution may need to develop new strategies for staff

[13] Expanding outreach to provide access to as many eligible clients as possible is important to counteract the economic impact of HIV/AIDS. Expanding the choice of services to existing clients may help reduce dropout rates. Capturing new markets among the poorest segment will help minimize the vulnerability of those individuals to poverty and enhance their coping mechanisms.
[14] KWFT and K-rep, LTD, report savings schemes for school fees and health costs as the top two requests from clients for new products.
[15] Two examples are the CASHPOR House Index and SEF's Poverty Wealth Ranking, low-cost tools that can be used to reach new markets (e.g., poorer clients).

development or benefits. An increase in staff mortality translates into higher re-training and recruitment costs.

Methods of Solidarity Groups

Innovating by adapting loan delivery methodology may be a lower-cost option than developing new products and services. One option would be to observe the methods that solidarity groups already use that mitigate the economic impact of HIV/AIDS on their members as well as the risk posed to the group and the MFI. For example, in situations where a client becomes ill, has to care for an ill family member, or has absorbed orphaned children, some solidarity groups may engage in the following activities:

- Running a solidarity group member's business when the member is too ill or when the member is overwhelmed with a patient's needs, and assisting with household and childcare chores so the member can attend to the business (i.e., averting defaults or the use of default funds)

- Advising an ill member to choose someone within the family or household to learn the business and to run it when the member can no longer do so, and planning for designated family member to continue as a solidarity group member if the business survives (i.e., reducing the cost of recruiting a replacement member)

- Raising money to cover the loan so the ill member does not have to liquidate savings to repay it (i.e., protecting the loan default fund or the compulsory savings held by the MFI)

- Allowing the member to take out a smaller loan if business activity has been reduced because of the member's or a family member's illness or because of the added burden of caring for orphaned children (i.e., increasing the likelihood of retaining a client).[16]

Bottom Line

Innovations in products and in lending methodology may help protect an institution's bottom line. Such innovations have a strong potential for improving client retention and recruitment rates and for protecting against default. The opportunity cost of dropout rates is often overlooked by MFIs. A recent statistic from the Microfinance Network estimates that it takes three loan cycles of a replacement member before the MFI recovers the investment costs of the dropout. This figure is, or should be, cause for concern—at least among MFIs operating in East Africa. In 1998, client dropout and exit rates ranged from 21 percent to 68 percent among the MFIs that MicroSave included in its East Africa study.[17] It may be tempting to assume that many dropouts in HIV/AIDS-affected areas are clients who are HIV positive. Although there is no scientific proof, it is plausible to assume that such clients exit voluntarily when their health status no longer permits them to continue their economic activities and when their health negatively

[16] Examples are based on informal interviews that the author conducted with MFI clients and solidarity groups in Zambia, Kenya, and Malawi.
[17] Drafted by David Hulme, *Client Exits (Dropouts) from East African Microfinance Institutions* (Kampala, Uganda: MicroSave, 1999).

affects their ability to repay.[18] The needs of these clients are likely to go beyond what microfinance services can realistically provide.

However, it is also possible that significant numbers of clients who drop out are the safety net for family, friends, or relatives with AIDS. Those clients may exit because their care and support responsibilities force them to temporarily reduce their business activities and their willingness to absorb more debt. In this case, there may be a financial service or product or an improved lending policy that, if offered, might keep such clients from exiting. Social services like communal child care, assistance in caring for persons with AIDS, or even help with the household chores might also make the difference between "taking a rest" and remaining a client in good standing. Again, that type of assistance goes beyond an MFI's mandate. Strategic alliances with community initiatives that specialize in social services of that type would be a better alternative.

Strategic Alliances: Microfinance and HIV/AIDS Initiatives

Figure 2 serves as a reminder that the lives of MFI clients unfold in a multifaceted context. AIDS is part of that context. MFIs ignore it at their peril and to the detriment of their clients. In addition, the role that a household plays is not static. There are many roles, including involvement in a variety of activities to make ends meet. Those roles evolve in a dynamic environment, shifting as each new demand emerges. Learning about those roles is part and parcel of knowing clients—a good microfinance practice.

As explained earlier, it is critical to keep to a minimum the number of residents who slide into destitution; the community must maintain safety nets for the most vulnerable community members, including those who are severely affected by HIV/AIDS. Microfinance services can play an important role, but they are not a panacea. Trying to meet the nonfinancial needs of clients can undermine an institution's sustainability.[19]

Mobilizing communities to respond to the effects of HIV/AIDS is also crucial, but it is not the role or aim of a microfinance institution. And while supporting income generation is important, HIV/AIDS project implementers do not have the best background for that kind of undertaking.

However, some do have expertise in mitigating the social impact of HIV/AIDS, most notably through community mobilization (see figure 3).

[18] According to the MicroSave report "Client Exits from East African Microfinance Institutions," most client exits are voluntary. And of those exiting clients, a significant number claim they are "just resting" and plan on reentering the program. Many others exit because the MFI's products and policies do not suit them.

[19] Eugene Versluysen, "East and Southern African Microfinance Institutions and the AIDS Epidemic." (See note 12 above.)

Figure 2. Shifting Roles of a Household in an AIDS-Affected Community

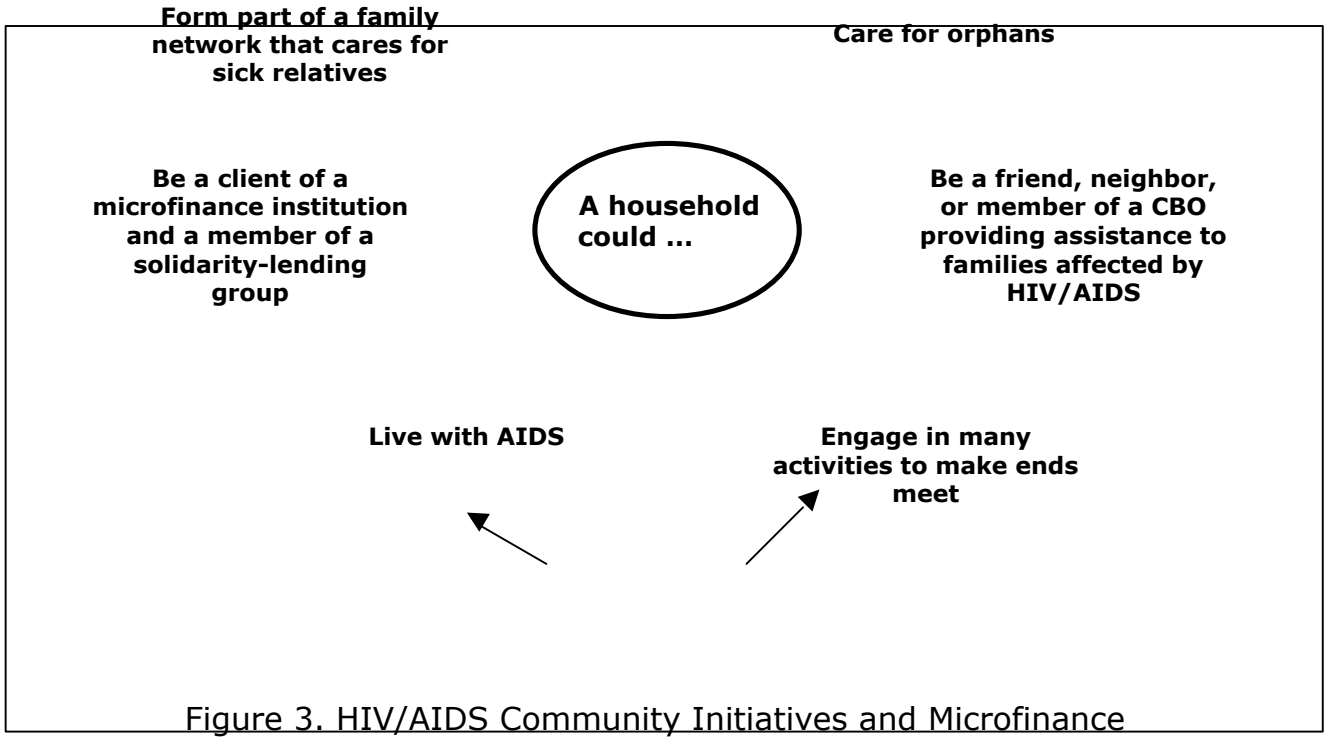


Figure 3. HIV/AIDS Community Initiatives and Microfinance

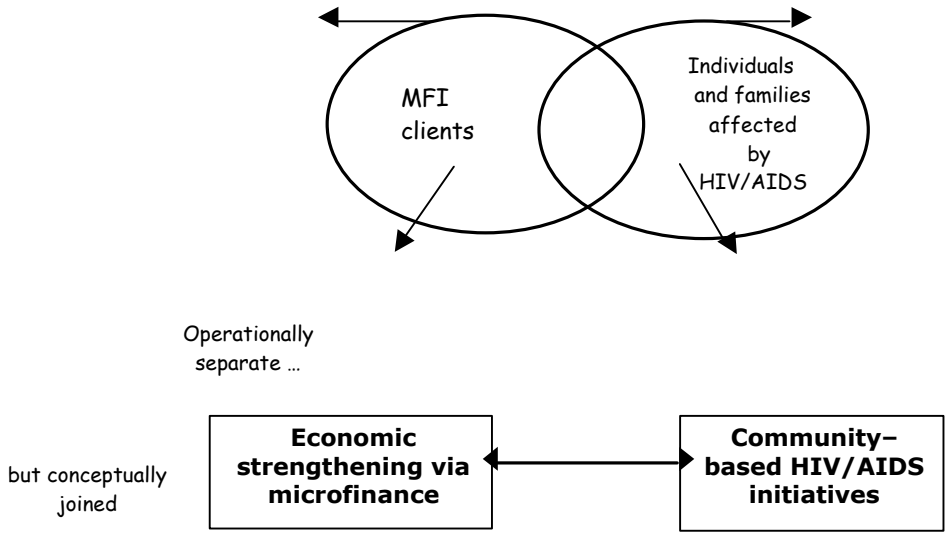


Figure 3 shows that microfinance and HIV/AIDS projects are separate but linked through information exchange and mutually supportive activities. Initiating strategic alliances that are operationally separate but overlapping in the same geographic area would allow each component to do what it does best, yet still benefit from the other's activities. Economic and social services complement each other. One meets the social and nonfinancial needs of community members whose own economic safety nets have failed them, and the other delivers financial services for those who would benefit from strengthening their economic situation.

Table 2 illustrates how practitioners might define the needs and the areas of their respective comparative advantages.

Finally, strategic alliances would provide the following opportunities:

- Allowing MFIs, at the request of clients, to invite an HIV/AIDS nongovernmental organization to provide information on prevention, care, and support topics[20]
- Acquiring insights by HIV/AIDS groups from MFI staff and clients on income earning–related topics and ways to assist community members who are not good candidates for credit
- Reducing MFI research costs for product, service, and lending methodology innovations by using information on clients' economic coping strategies that is gathered by parties involved in HIV/AIDS projects
- Cross-referring eligible clients

[20] There are different kinds of organizations addressing HIV/AIDS issues. Some focus on prevention of HIV transmission, some focus primarily on supporting people living with HIV/AIDS, and others focus more on orphans and other vulnerable children.

Table 2. Matching Needs with Comparative Advantage[21]

	Client Need	**Products/Services**	
		Existing	Desired
Not so poor (Significant, productive capacity and assets)	· Strengthen and grow micro business operations · Build up voluntary savings · Diversify survival income-earning activities	· Standard financial services · Peer or individual lending methodology	· Demand deposit savings products · Fixed-term deposits · Life/health insurance
Poor (Fragile assets and capacity) **Very Poor** (Minimal assets, still productive) **Poorest** (No assets, very weak capacity)	· Temporarily reduce but maintain business activity · Skip a loan cycle · Transfer business to family member · Liquidate savings · Acquire information on social and health services · Require assistance with household and child care chores	· Peer lending methodology · Savings-led initiatives · Credit with education · Community mobilization/ empowerment projects	· Outreach to poorer clients · Smaller loans for shorter terms · Life/health insurance · Flexible lending/membership policies · Overlapping community- and economic-strengthening programs · Membership in informal ROSCA · Grant to build back productive assets
Destitute (Not in cash economy)	· Procure medical care or assistance to care for family member · Liquidate productive assets to pay for medical costs, funeral · Abandon all productive activities · Relief assistance	· Community mobilization/ empowerment projects · Government welfare	· Community initiatives that effectively mobilize internal and external resources to build funds for relief assistance

[21] The table is illustrative, not exhaustive. It suggests one way of looking at overlapping needs and services.

CONCLUSION

This paper raises ideas and issues in the hope that MFI practitioners and persons directly addressing HIV/AIDS will continue the discussion. It does not presume to offer a prescription for the ideal combination of economic strengthening and social services for communities heavily affected by HIV/AIDS. Scattered experiments exist, but the search for an ideal combination is in largely uncharted territory. In the meantime, AIDS marches on in its indiscriminate way, wiping out the economic resources of people who never thought they would be poor as well as the resources of those who were already worried about their next meal. The disease is not going to wait for us to "figure it out." We must start thinking and talking. Together. Now.